

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 TRSE-00 AID-05 FEA-01 ERDA-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01

OES-06 SP-02 SS-15 STR-04 ACDA-07 NSCE-00 SSO-00

USIE-00 INRE-00 IO-13 /107 W

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 7391

C O N F I D E N T I A L NEW DELHI 11053

E.O. 11652: GDS

TAGS: EFIN

SUBJECT: LDC DEBT AND THE NORTH SOUTH DIALOGUE

REF: (A) STATE 1841169, (B) 181094, (C) OTTAWA 3024

1. IN CALL ON AHUJA (SECRETARY, ECONOMIC DEVELOPMENT, MEA AND HEAD OF INDIAN DELEGATION TO LAST CIEC MEETING) DCM AND ECON/COUNS DISCUSSED USG VIEW OF CIEC ALONG LINES PARA 2-4 REF B. AHUJA RAMBLED OVER HISTORY OF US-INFO RELATIONS AT SOME LENGTH AND ONLY WITH DIFFICULTY COULD CONVERSATION BE BROUGHT BACK TO PURPOSE OF CALL.

2. HIS MAIN POINTS ON INDIAN POSITION AT CIEC WERE THAT DEBT RESCHEDULING WAS VIEWED BY INDIA ONLY IN ITS DEVELOPMENTAL CONTEXT IT WAS A DESIRABLE FORM OF AID AND INDIA CONTINUES TO NEED AID. ON MAINTAINING PURCHASING POWER OF COMMODITY EXPORTERS, HE REFERRED SEVERAL TIMES TO OIL EXPORTERS LIKE SAUDI ARABIA AND KUWAIT WHO WOULD SLOW PRODUCTION IF THEIR RETURNS WERE NOT EQUITABLE.

3. AHUJA PRODUCED COPY OF SPEECH HE MADE AT PARIS. TALK CLEARLY OUTLINES INDIA'S PRIORITIES IN TERMS OF WHAT SHE WANTS FROM CIEC
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DIALOGUE. FIRST IS AID; SECOND IS DEBT RESCHEDULING AS A FORM OF

AID; AND THIRD ID SUPPORT FOR PREFERENTIAL TREATMENT IN MTNS.

4. HE HAD LEFT PARIS BEFORE MEETING COMPLETED AND CLAIMED TO HAVE BEEN SURPRISED THAT DEADLOCK DEVELOPED AFTER ALL HAD SEEMED TO BE PROGRESSING SO SMOOTHLY. HE EXPECTED TO SEND AN ADDITIONAL STAFF MEMBER TO PARIS IF SEPTEMBER MEETING GOES ON (RESIDENT STAFF IN PARIS NOW NUMBERS THREE).

5. AHUJA'S POINTS GENERALLY FOLLOWED G-19 POSITION. HE REFERRED TO THE NEED TO TAKE ALL PROPOSALS AS A PACKAGE IN COOPERATION WITH OTHER G-19 MEMBERS, BUT HE DID NOT GIVE ANY INDICATION THAT INDIA WAS PLAYING A LEADING ROLE. VIEWS EXPRESSED BY OTHER OFFICIALS IN COMMERCE MINISTRY (SEE REF D) WERE MORE FORTHCOMING AND MAY INDICATE DIFFERENCES WITHIN GOI ON HOW BEST TO ATTAIN INDIAN OBJECTIVES, I.E. ACCOMMODATION OR THROUGH COOPERATIVE CONFRONTATION.

6. AHUJA'S POINTS IN PARTICULAR SEEMED TO REINFORCE CANADIAN VIEW (REF C) THAT AID - A TRANSFER OF RESOURCES - IS THE REAL ISSUE, NOT NECESSARILY DEBT RESCHEDULING; AND THAT OPEC COUNTRIES' OBJECTIVES ON OIL PRICES ARE PIVOTAL.

7. IN SEPARATE TALK WITH ECON/COUNS, GOI COMMERCE SENIOR ECONOMIC ADVISOR WHO HAD ATTENDED UNCTAD IV BUT NOT CIEC EXPRESSED VIEW THAT SLIGHTEST ACCOMMODATION BY G-8 WOULD RECEIVE QUICK RESPONSE FROM G-19 AS EVERYONE WANTED CIEC DIALOGUE TO CONTINUE. IN RESPONSE TO ECON/COUNS OBSERVATION THAT G-19 COUNTRIES SEEMED TO MAINTAIN A CONSIDERABLE COHESIVENESS DESPITE VERY DIVERGENT INTERESTS OF INDIVIDUAL MEMBERS, HE COMMENTED THAT THIS WAS ONLY TRUE WHEN G-8 WAS UNYIELDING. WHENEVER G-8 APPEARED TO BE FLEXIBLE ALL THE FISSURES APPEARED AMONG G-19.

8. OUR IMPRESSION AT THIS POINT IS THAT INDIA, WHILE AN IMPORTANT MEMBER OF G-19, IS STILL TAKING AN ACTIVE BUT NOT A LEADING ROLE. BY DOING THIS NEITHER CUSTOMERS NOR CREDITORS ARE ANTAGONIZED SHE STANDS TO GAIN CONSIDERABLY IF DEBT RESCHEDULING IS ACCEPTED, AND IN ANY CASE SHE CAN HOPE TO MODERATE ANY G-19 STAND ON COMMODITIES OR OTHER ISSUES WHICH MIGHT BE COUNTER TO HER INTEREST. SAXBE

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